

Fired OLG head sues Ontario government

BY LEE GREENBERG , THE OTTAWA CITIZEN SEPTEMBER 11, 2009

TORONTO — The former head of Ontario's troubled lottery corporation struck back at the Liberal government Friday, launching a lawsuit over her firing last month.

"The actions taken against me by the Ontario government were severe and unjustified and I must therefore seek legal action to establish the facts and restore my reputation," Kelly McDougald said in a statement released Friday.

MacDougald did not specify what damages, if any, she was seeking.

Finance Minister Dwight Duncan offered no explanation when he fired McDougald "with cause" on Aug. 31, nor did she receive severance pay.

The firing came on the eve of an expense account scandal that showed some senior managers at Ontario Lottery and Gaming Corp. charging taxpayers for booze, babysitting and, in one case, a Weight Watchers membership.

Duncan said he was "disappointed" by the expenses, which surfaced as a result of a Conservative party request under freedom-of-information legislation. As McDougald was fired, the entire board of directors at OLG resigned en masse.

Observers, meanwhile, were split about the seriousness of the expense claims. Some said similar out-of-pocket expenses (a pen refill, a cloth grocery bag and dry cleaning were all reimbursed by OLG) were typically absorbed for private sector executives.

Pollster Greg Lyle says the provincial Liberals, who have been fighting negative headlines throughout the summer, were trying to bury another potential scandal when they fired McDougald.

"They tried to cut off OLG hard, by getting rid of the board and the president," said Lyle, managing director of Innovative Research Group Inc. "Arguably, frankly, that was an over-reaction, if you look at the scale of what was said."

On Friday, McDougald said Duncan and his officials never contextualized the expense reports.

She said while some were inappropriate, others were consistent with the operations of a \$6.5 billion corporation or as part of a benefits package.

"Others were incurred prior to my appointment," she said.

McDougald also touted her accomplishments as leader, saying 2008 profits at the agency increased by \$73 million year over year, while OLG profit exceeded its budget targets by \$158 million. She also mentioned new anti-fraud initiatives and expanded audit practices. She referred all questions to her lawyer, Brian Grossman.

"I do not intend, at the present time, to elaborate on this statement in any way," she wrote. "My notice of claim has been served on the Attorney General and on counsel representing OLG and the Ministry of Finance."

Dwight Duncan responded to the lawsuit with his own written statement.

"The government denies the claims and will vigorously fight against them in court," he said. "OLG is an arm's length agency of the government. It's essential that it operate in a way that follows the rules and protects taxpayers' interests."

Duncan declined to comment on any specifics surrounding the case.

McDougald joined OLG in September 2007 in the midst of a fraud scandal surrounding insider lottery wins. She had extensive private sector experience, including stints as a senior vice president at Bell Canada as well as a senior management role at Nortel Networks.

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